

MARIA ELLENA CHAVEZ-RUARK, U.S. BANKRUPTCY JUDGE

Evidentiary Hearing: NO

Exhibits Filed: NO

PROCEEDING MEMO – CHAPTER 11

Case: 24-13609-MCR
Smokecraft Clarendon, LLC

Date: 06/27/2024 at 2:00 p.m.

Appearances: Maurice Belmont Verstandig, counsel for Debtor
Corinne Adams, counsel for Capital Bank, N.A.
Angela L. Shortall, Subchapter 5 Trustee
Lynne A. Kohen, Office of the United States Trustee

Also present: Andrew Darnielle, representative of Debtor
Krystal Broussard, representative of Capital Bank, N.A.

[1] Chapter 11 Subchapter V Voluntary Petition Non-Individual . Fee Amount \$1738 Filed by Smokecraft Clarendon, LLC. Ch 11 Plan Subch V Due by 07/29/2024. Government Proof of Claim due by 10/28/2024.

[34] Pre-Status Conference Report Filed by Maurice Belmont VerStandig (related document(s)) Voluntary Petition (Chapter 11) filed by Debtor Smokecraft Clarendon, LLC).

COMMENTS:

The Debtor's counsel reported:

- The Capital Bank account has less than \$100, the Eagle Bank account has been closed, the TD Bank account has been converted to a DIP account, and the TD Bank CD serves as collateral for a line of credit.
- The Debtor filed a motion to use cash collateral on 6/24/24.
- The Debtor is current on its postpetition executory contract and lease obligations. The trade agreements are likely to be assumed; the Debtor is still reviewing the real property lease.
- The Debtor's preliminary review of transfers within the preference period led the Debtor to conclude that most or all of the transfers fall within a preference exception.
- The Debtor's insurance claim from the theft from the Debtor's safe is still pending, and the Debtor has taken steps to implement security measures to ensure similar thefts do not occur in the future. The Debtor is cooperating with the pending criminal proceeding against the alleged perpetrator.
- Smokecraft Holdings LLC owns 82% of the Debtor, and Andrew Darneille owns 100% of that entity. Robert Darneille owns 9% of the Debtor, Diane and Hopewell Darneille own 6%, and Joe Smith owns the remaining 3%.

- The Debtor has a loyal patron base and 25 dedicated employees.
- The Debtor experienced some issues with trade creditors but has worked through them.
- The Debtor received notable awards in DC this past weekend.
- The Debtor has been communicating with Capital Bank and anticipates filing a motion to establish the value of Capital Bank's collateral.
- The Debtor's counsel is holding \$9,262 in escrow. Of that amount, \$4,000 has been or will be earmarked for the Sub V Trustee and the other \$5,262 for his firm. This is in lieu of the Debtor making monthly payments. The Sub V Trustee has agreed to this.
- The Debtor anticipates filing the plan before the 7/29/24 deadline.

The Sub V Trustee reported that the Debtor employed an accountant prepetition and seems to understand its obligations.

The UST reported that the case is moving well administratively.

DISPOSITION: Status conference held.